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RUEKJCS/SECDEF WASHDC  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
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RUEHC/USAID WASHDC  
RUEHGV/USMISSION GENEVA  
RUEHPOD/AMEMBASSY PODGORICA

UNCLAS SECTION 01 OF 03 PODGORICA 000091

SIPDIS

SENSITIVE  
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E.O. 12958: N/A

TAGS: [PREL](#) [MARR](#) [EINV](#) [CVIS](#) [ECON](#) [PINR](#) [MW](#)

SUBJECT: PRIME MINISTER, DEPUTY, DESCRIBE GOM GOALS: EURO-ATLANTIC  
INTEGRATION AND IMPROVED LIVING STANDARDS

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SENSITIVE BUT UNCLASSIFIED - PLEASE HANDLE ACCORDINGLY

1. (U) PRIME MINISTER ZELKJO STURANOVIC AND DEPUTY PRIME  
MINISTER GORDANA DJUROVIC DESCRIBED THE CURRENT GOVERNMENTS  
GOALS AS EURO-ATLANTIC INTEGRATION AND IMPROVED LIVING  
STANDARDS. THE MINISTERS MET WITH VISITING EUR/SCE DIRECTOR  
CHRISTOPHER HOH AND CHARGE ON MARCH 28. THE PM SAID THAT  
MONTENEGROS NATO PRESENTATION DOCUMENT WOULD BE ADOPTED BY THE  
GOM ON APRIL 5, AND THAT MONTENEGRO'S GOAL IS TO JOIN THE WTO BY  
THIS FALL. THE DPM EMPHASIZED THE ONGOING ADOPTION OF PLANS IN  
THE ECONOMIC AREA. HOH'S OTHER MEETINGS UNDERSCORED MONTENEGRIN  
INTEREST IN ATTRACTING MORE AMERICAN INVESTMENT, AND AIRED  
QUESTIONS ABOUT WHEN THE U.S. EMBASSY WOULD BE ABLE TO ISSUE  
VISAS IN PODGORICA. MEDIA COVERAGE OF HOH'S VISIT REPORTED  
SEPTEL. END SUMMARY.

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PRIME MINISTER: EURO-ATLANTIC INTEGRATION AND IMPROVED LIVING  
STANDARDS

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EURO-ATLANTIC INTEGRATION  
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2. (U) PRIME MINISTER ZELKJO STURANOVIC TOLD EUR/SCE DIRECTOR  
CHRISTOPHER HOH AND CHARGE THAT HIS GOVERNMENT'S TWO CENTRAL  
GOALS ARE EURO-ATLANTIC INTEGRATION AND IMPROVED LIVING  
STANDARDS FOR THE PEOPLE OF MONTENEGRO. HE NOTED THAT  
MONTENEGRO, SINCE INDEPENDENCE LAST JUNE, HAS ALREADY JOINED  
NATOS PARTNERSHIP FOR PEACE (PFP), THE WORLD BANK, AND IMF. THE  
INITIALING OF THE STABILITY AND ACCESSION AGREEMENT (SAA) WITH  
THE EU ON MARCH 15 WILL BE FOLLOWED SOON BY MEMBERSHIP IN THE  
COUNCIL OF EUROPE, ADDED THE PM. THE PM SAID THE GOM THOUGHT THE

RECENT THIRD WORKING PARTY MEETING OF THE WORLD TRADE ORGANIZATION (WTO) ON MONTENEGRO'S APPLICATION WENT WELL, AND THAT ONLY TWO MORE SUCH MEETINGS, IN JULY AND EARLY AUTUMN, WOULD BE NEEDED BEFORE MONTENEGRO WAS READY TO BECOME A FULL WTO MEMBER.

13. (U) THE PM CONTINUED THAT PFP HAD ALREADY BROUGHT "MANY BENEFITS" TO MONTENEGRO -- NOT ONLY IN DEFENSE TRAINING AND REFORM, BUT ECONOMICALLY AS WELL, AS MEMBERSHIP IS SEEN BY INVESTORS AS AN INDICATOR OF POLITICAL MATURITY AND STABILITY. HE STRESSED THAT MONTENEGRO'S PRESENTATION DOCUMENT WOULD BE ADOPTED BY THE GOVERNMENT ON APRIL 5, AND PRESENTED TO NATO SHORTLY THEREAFTER. (DEPUTY DEFENSE MINISTER LJUBISA PEROVIC CONFIRMED TO POST THAT THE GOM HAS INCORPORATED SUGGESTIONS MADE BY NATO INTERNATIONAL STAFF ON THE DOCUMENT DRAFT.)

LIVING STANDARDS

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14. (U) THE PM STRESSED THAT MONTENEGRO HAS ACHIEVED MACROECONOMIC STABILITY, WHILE ACHIEVING GDP GROWTH OF 7 PERCENT IN 2006, REDUCING INFLATION TO 2.6 PERCENT (WITHIN EURO ZONE TARGETS), INCREASING FOREIGN DIRECT INVESTMENT (FDI), CUTTING UNEMPLOYMENT IN HALF TO 14 PERCENT, ALL WHILE RUNNING A GOVERNMENT BUDGET SURPLUS. NEVERTHELESS, PUBLIC DEMANDS FOR BETTER LIVING STANDARDS HAVE NOT BEEN MET, SAID THE PM, ADDING THAT THE ENTIRE GOM WOULD FOCUS ON RAISING THE STANDARDS. TO REACH THAT, THE PM SAID HIS GOVERNMENT SOUGHT CONTINUED STRONG GDP GROWTH IN 2007, ASSISTED BY PENSION REFORM, AND REFORMS IN PUBLIC ADMINISTRATION. HE ASKED FOR THE CONTINUED SUPPORT OF THE INTERNATIONAL COMMUNITY IN THE REFORM PROCESS. HE NOTED THAT THE GOM HAS BEGUN TO INCLUDE THE POLITICAL OPPOSITION AND NGOS IN

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-- END OF ERRORED MESSAGE --

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PLANNING AND IMPLEMENTING REFORMS (COMMENT: A PRACTICE STURANOVIC BEGAN WHEN HE WAS MINISTER OF JUSTICE IN THE LAST GOVERNMENT. END COMMENT.)

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DEPUTY PRIME MINISTER: PLANNING FOR SUCCESS

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15. (U) DEPUTY PRIME MINISTER GORDANA DJUROVIC NOTED THAT MONTENEGRO WAS ON TRACK TO THE EU WITH THE SAA, AND ON TRACK TO NATO WITH PFP. FOR MONTENEGRO, THE PACE FOR JOINING THE EU WAS CONTROLLED MORE BY BRUSSELS' ABILITY TO COPE WITH WHAT THE DPM CALLED "EXPANSION SHOCK, NOT FATIGUE" THAN IT WAS BY MONTENEGRO'S ABILITY TO IMPLEMENT EU STANDARDS. SHE WELCOMED THE GESTURE OF THE OPPOSITION SOCIALIST PEOPLE'S PARTY (SNP), WHICH HOSTED HER AS THE FIRST-EVER GOM OFFICIAL TO VISIT THEIR OFFICES, MARKING THE 50TH ANNIVERSARY OF THE ROME TREATY. ENDORSING AN "OPEN ECONOMY ATTUNED TO EU STANDARDS," SHE REJECTED THOSE IN MONTENEGRO (INCLUDING HER COLLEAGUES AND STUDENTS AT THE ECONOMICS FACULTY) WHO HAVE VOICED STRONG SKEPTICISM ABOUT THE EU AND EU REGULATION, CALLING IT A "NEW VERSION OF TITOS NON-ALIGNED MOVEMENT."

16. (U) DJUROVIC LAID OUT A NETWORK OF PLANS AND STRATEGIES TO REACH THE GOM'S ECONOMIC GOALS. THE SPATIAL PLAN (A NATIONAL ZONING ORDANCE) WILL BE ADOPTED SOON, TO CONTROL THE SCOPE AND PLACEMENT OF PHYSICAL DEVELOPMENTS, AND REGULATE THE AUGMENTATION OF THE SUPPORTING INFRASTRUCTURE. LINKED TO THAT IS THE PLAN FOR SUSTAINABLE DEVELOPMENT, TO BE ADOPTED NEXT WEEK. BOTH ARE CONNECTED TO THE NATIONAL ENERGY STRATEGY, "A VERY SENSITIVE ISSUE" ACCORDING TO THE DPM. (NOTE: CONSUMER ELECTRICITY PRICES ARE HIGH, EARLIER GOM PLANS FOR A LARGE HYDROELECTRIC PLANT AFFECTING THE TARA RIVER IN NORTHERN MONTENEGRO SUCCUMBED TO GRASSROOTS POLITICAL OPPOSITION (REF), AND PLANS TO PRIVATIZE THE STATE ELECTRIC MONOPOLY HAVE SHARP OPPOSITION -- EVEN THE RULING DPS'S COALITION PARTNER, THE SOCIAL DEMOCRATIC PARTY (SDP) HAS MADE OPPOSITION TO DIVESTURE A CORE ISSUE. YET MONTENEGRO ONLY UTILIZES 17 PERCENT OF ITS HYDROELECTRIC CAPACITY. END NOTE.) THE LAST TWO PIECES ARE THE THIRD EDITION OF THE ECONOMIC REFORM AGENDA, AN OPEN DOCUMENT PROVIDING CLEAR BENCHMARKS FOR THE GOVERNMENT'S ECONOMIC PERFORMANCE, AND A "MID-TERM DEVELOPMENT STRATEGY." ALL TOGETHER, DJUROVIC EXPECTS MONTENEGRO TO BE ECONOMICALLY READY TO JOIN THE EU IN 2011.

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DEFENSE AND FOREIGN POLICY -- KOSOVO AND ARTICLE 98  
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17. (SBU) PM STURANOVIC ASSURED HOH THAT MONTENEGRO WOULD CONTINUE TO PLAY A CONSTRUCTIVE (IF LOW-KEY) ROLE ON KOSOVO. HE STRESSED THAT STABILITY IN KOSOVO WAS A CENTRAL INTEREST FOR MONTENEGRO, ITS NEIGHBOR. DEFENSE MINISTER BORO VUCINIC TOLD HOH AND CHARGE ON MARCH 28 THAT THE GOM WAS WILLING AND READY TO ENTER INTO AN ARTICLE 98 (INTERNATIONAL CRIMINAL COURT) AGREEMENT WITH THE USG BY AN EXCHANGE OF DIPLOMATIC NOTES, AN APPROACH VUCINIC SAID WAS SUPPORTED BY FM ROCEN (CURRENTLY VISITING MOSCOW).

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AMERICAN INVESTMENT  
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18. (U) A RECURRING THEME IN ALL OF HOH'S MEETINGS (EVEN DURING A PRESS CONFERENCE TO MARK THE ENTRY INTO SERVICE OF A SONAR

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SYSTEM TO DETECT UNDERWATER MINES AND UXO) WAS THE RELATIVE ABSENCE OF AMERICAN INVESTMENT IN MONTENEGRO. HOH REPEATEDLY NOTED THE ABSENCE OF KEY INCENTIVES, MOST NOTICEABLY AN IMPROVED RULE OF LAW SYSTEM, AND GREATER CLARITY ON FUTURE ECONOMIC CONDITIONS. HOH NOTED THAT BETTER RULE OF LAW IN MONTENEGRO WOULD REQUIRE JUDICIAL REFORMS, WHERE COURT DECISIONS ON COMMERCIAL DISPUTES ARE UNIFORMLY TAKEN, WITHOUT EXCESSIVE DELAY, BASED ON THE MERITS OF THE CASE, AND NOT ON EXTRANEOUS, PERSONAL FACTORS. HE WELCOMED THE ESTABLISHMENT OF A GOM BOARD (THAT INCLUDES OPPOSITION MPS AND NGOS) TO FIGHT ORGANIZED CRIME AND CORRUPTION, BUT CAUTIONED THAT IMPLEMENTATION OF ANTI-CORRUPTION MEASURES WAS VITAL. HE POINTED TO MONTENEGRO'S NEW AMBASSADOR IN THE U.S. AS THE LEAD ON GETTING THE WORD OUT TO AMERICAN INVESTORS ON THE ATTRACTIVENESS OF MONTENEGRO'S ECONOMIC FUTURE.

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U.S. VISAS

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¶9. (U) THE UNIVERSAL QUESTION FROM ALMOST ALL MONTENEGRINS TO HOH WAS -- WHEN CAN WE STOP GOING TO BELGRADE TO GET VISAS, AND COME TO THE U.S. EMBASSY IN PODGORICA? HOH REPLIED THAT THIS WAS A STEP SOUGHT BY THE USG AS WELL, BUT ONE DIFFICULT TO IMPLEMENT IN PRACTICE, AND ONE THAT WOULD TAKE TIME TO PUT INTO EFFECT.

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THE PM'S HEALTH

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¶10. (SBU) PM STURANOVIC, DIAGNOSED WITH LUNG CANCER (NFI) IN DECEMBER 2006, AND WHO TURNED 47 IN JANUARY, APPEARED IN GOOD HEALTH IN HIS LONG MEETING WITH HOH -- WHICH FOLLOWED AN EVEN LONGER AND NO DOUBT MORE CONTENTIOUS MEETING WITH THE HEAD OF THE LABOR UNIONS. STURANOVIC WAS NOT AS ANIMATED, HOWEVER, AS IN EARLIER MEETINGS WITH EMBOFFS PRIOR TO BECOMING PM. NOR HAS STURANOVIC, A HEAVY SMOKER, GIVEN UP THE HABIT.

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COMMENT

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¶11. (U) HOH'S VISIT AND MEETINGS, WITH GOM OFFICIALS, OPPOSITION POLITICIANS, AND THE PRIVATE SECTOR, UNDERScoreD THE MONTENEGRINS' APPRECIATION OF THE POSITIVE ROLE PLAYED BY THE USG IN THE LAST DECADE IN HELPING STABILIZE MONTENEGRO AND THE BROADER BALKAN REGION. WHILE THE MONTENEGRINS ALWAYS REMIND US THAT MONTENEGRO IS A SMALL COUNTRY, THEY ARE LOOKING TO PLAY A POSITIVE, STABILIZING ROLE IN THEIR NEIGHBORHOOD. END COMMENT.

¶12. (U) THIS CABLE WAS NOT CLEARED BY EUR/SCE HOH BEFORE HIS DEPARTURE.  
BARNES